

Quotes for the day

You may delay, but time will not.

Benjamin Franklin



The secret of getting ahead is getting started.

Mark Twain

FMAC

Fiscal Year-End

Closing Updates

June 2015

Sara Rupe

Pat Sanborn

Office of Financial Management

Statewide Accounting

Today's Agenda

- Closing calendar for FY 15
- Federal YE Update
 - Single Audit
 - Federal disclosure forms
- State YE Update
 - New GASB Standards
 - To do's & reminders
 - Disclosure form changes
 - Certifications
- Training & Resources



Key dates for FY15 closing

- June 30 – Cash cutoff
- July 15 – Disclosure forms open
- July 23 – Interagency billings mailed
- July 31 – Phase 1 cutoff – accruals
- August 21 – Phase 1B – early state disclosure forms, interagency receivables/payables, and pollution remediation site status report due
- September 4 – Phase 2 close – agency adjustments complete, remaining state and federal disclosure forms due
- September 16 – State certification form due
- December 4 – Federal certification form due

Federal Fiscal Year-End Update

2014 Statewide Single Audit Report

Summary of Results

	2014	2013	2012
Federal Assistance Expenditures	\$ 15.7 Billion	\$14.9 Billion	\$15.8 Billion
Questioned Costs	\$3.9 Million	\$4.3 Million	\$4.0 Million
Total Number of Findings	55	45	63
Total Number of Repeat Findings	20	22	22

Potential Impact of Findings and Questioned Costs:

- Funding could be decreased
- We may be required to pay back questioned costs

2014 Statewide Single Audit Report

Summary of Results

Finding Category	Number of Findings
Activities Allowed or Unallowed/ Allowable Costs/ Cost Principles	17
Reporting - FFATA	12
Special Tests and Provisions	7
Subrecipient Monitoring	3
Eligibility	3
Level of Effort	3
Suspension and Debarment	2
Period of Availability	1
Procurement	1
Cash Management	1
Program Income and Cash Management	1
Multiple Compliance Areas	4

State Agency Subrecipient Reporting

- SAAM 95.20.10b
- The portion of federal award expenditures passed through to subrecipients. **Do not include amounts passed through to other agencies of the state of Washington, except when:**
 - A portion of the amount passed through is subsequently passed through to a non-state agency (subrecipient). This amount should be reported as a pass through expenditure by the original state agency.

State Agency Subrecipient Reporting

	Agency A Received Federal Funds		Agency A Passes the federal funds to Agency B		Agency B Passes the federal funds to subrecipient
EXAMPLE	\$1,000,000		\$500,000		\$200,000

REPORTING REQUIREMENTS

Agency A:					
Disclosure Form – Expenditure Column	\$1,000,000				
Disclosure Form – Pass Through Column					\$200,000
Agency B:					

Communicate with Agency A the total amount passed through to non state agency subrecipients. In this example the \$200,000

DO NOT report anything on the disclosure forms since Agency A has already reported the full amount.

State Agency Subrecipient Reporting - Agency A Disclosure Form Example

Federal Financial Assistance - Direct



Agency Code: 125 Agency Title: Sample Agency

95.20.20 Federal Financial Assistance - Direct

CFDA #	Federal Funding Agency	Major Sub-division	Program Title	Cluster	Award Contract Number	Revenue Amount	Expenditure Amount	Difference	Expenditure Amount Passed Through to Subrecipients
15.614	Dept of Interior	Fish and Wildlife	Coastal Wetlands	01	123-456	1,000,000	1,000,000	0	\$200,000

Disclosure Forms

Federal Analytical Review - Direct Form

95.20.30 Federal Analytical Review - Direct

Instructions: Complete this form after you have finished the Federal Financial Assistance - Direct form. If there has been a material change on the Federal Financial Assistance - Direct form since last fiscal year, this form will automatically populate with the current year and prior year information. Provide an explanation for the material changes(s) listed below between the current fiscal year and prior fiscal year, by CFDA number.

Enter all information on the direct form first

The information will prefill from the direct form

Expenditures from the Federal Financial Assistance- Direct form

CFDA#	Federal Funding Agency	Major Sub-division	Program Title	Prior Year Expenditure Amount	Current Year Expenditure Amount	Change	Explanation

For each line that has data prefilled add a explanation for the reason for the change from the prior year

Disclosure Forms

Federal Analytical Review - Direct Form

95.20.30 Federal Analytical Review - Direct

Instructions: Complete this form after you have finished the Federal Financial Assistance - Direct form. If there has been a material change on the Federal Financial Assistance - Direct form since last fiscal year, this form will automatically populate with the current year and prior year information. Provide an explanation for the material changes(s) listed below between the current fiscal year and prior fiscal year, by CFDA number.

Enter all information on the direct form first

The information will prefill from the direct form

Expenditure amount passed through to subrecipients from the Federal Financial Assistance - Direct form

CFDA #	Federal Funding Agency	Major Sub-division	Program Title	Prior Year Expenditure Amount Passed Through to Subrecipients	Current Year Expenditure Amount Passed Through to Subrecipients	Change	Explanation

For each line that has data prefilled add a explanation for the reason for the change from the prior year

Disclosure Forms - EXAMPLE

Federal Analytical Review - Direct Form

Federal Financial Assistance - Direct

SAAM Manual (95.20.20)

EXAMPLE Agency — 2014 Direct Form

Return To Lead Sheet

Users must click the "Save" button located at the end of the form to save their data in the form.

CFDA #	Federal Funding Agency	Major Subdivision	Program Title	Cluster	Award Contract Number	Revenue Amount	Expenditure Amount	Difference	Passed Through
84.126	Dept of Education	Office of Special Education and Rehabilitative Ser	Vocl Rehab Grants to State Basic	01		10,322,909	10,322,909	0	0
84.169	Dept of Education	Office of Special Education and Rehabilitative Ser	Independent Living - State Grants	01		55,164	55,164	0	0
84.177	Dept of Education	Office of Special Education and Rehabilitative Ser	Independent Living Older Blind	01		663,056	663,056	0	0
84.187	Dept of Education	Office of Special Education and Rehabilitative Ser	Supported Employment Services for Individuals With	01		46,570	46,570	0	0
84.265	Dept of Education	Office of Special Education and Rehabilitative Ser	Rehabilitation Training_state Vocational Rehabilit	01		8,995	8,995	0	0
Totals						11,096,694	11,096,694	0	0

1

2

Disclosure Forms - EXAMPLE

Federal Analytical Review - Direct Form

Federal Financial Assistance - Direct

SAAM Manual (95.20.20)

EXAMPLE Agency – 2015 Direct Form

[Return To Lead Sheet](#)

Users must click the "Save" button located at the end of the form to save their data in the form.

CFDA #	Federal Funding Agency	Major Subdivision	Program Title	Cluster	Award Contract Number	Revenue Amount	Expenditure Amount	Difference	Expenditure Amount Passed Through to Subrecipients
84.126	Dept of Education	Office of Special Education and Rehabilitative Ser	Vocl Rehab Grants to State Basic	01		13,000,000	13,000,000	0	8,500,000
84.186	Dept of Education	Office of Elementary and Secondary Education	Safe and Drug-Free Schools and Communities_state G	01		5,000,000	5,000,000	0	4,990,000
Totals						18,000,000	18,000,000	0	13,490,000

1

2

Disclosure Forms - EXAMPLE

Federal Analytical Review - Direct Form

Warning: you have not completed all the required explanations. ←

Instructions: Complete this form after you have finished the Federal Financial Assistance – Direct form. If there has been a material change on the Federal Financial Assistance Direct form since last fiscal year this form will automatically populate with the current year and prior year information. Provide an explanation for the material changes(s) listed below between the current fiscal year and prior fiscal year, by CFDA #.

Expenditures from the Federal Financial Assistance Direct form

CFDA #	Federal Funding Agency	Major Subdivision	Program Title	Prior Year Expenditure Amount	Current Year Expenditure Amount	Change	Explanation
84.126	Dept of Education	Office of Special Education and Rehabilitative Ser	Vocl Rehab Grants to State Basic	10,322,909	13,000,000	(2,677,091)	
84.186	Dept of Education	Office of Elementary and Secondary Education	Safe and Drug-Free Schools and Communities_state G	0	5,000,000	(5,000,000)	this was a new grant in 2015

Make sure every line on this form has an explanation.

1

Expenditures Passed Through to Subrecipients from the Federal Financial Assistance Direct form

CFDA #	Federal Funding Agency	Major Subdivision	Program Title	Prior Year Expenditure Amount Passed Through to Subrecipients	Current Year Expenditure Amount Passed Through to Subrecipients	Change	Explanation
84.126	Dept of Education	Office of Special Education and Rehabilitative Ser	Vocl Rehab Grants to State Basic	0	8,500,000	(8,500,000)	
	Dept of	Office of Elementary and Secondary	Safe and Drug-Free Schools and Communities_state				this was a new grant

2

Federal update

- Correct federal revenue and expenditure coding before Phase 2 close
- 2015 Compliance Supplement
- SAAM Chapter 95 update

State Fiscal Year-End Update

Faster CAFR

- A SHOUT OUT to our state's fiscal staff at all state agencies and the SAO CAFR audit team - we met our goal for the FY14 CAFR – October 31!
- What's the goal for FY 15?



After Phase 2 close

- OFM Statewide Accounting analyzes AFRS data and disclosure forms
 - These activities often result in questions to the agencies so someone needs to be available to answer them.
 - No agency entries unless requested and/or approved by OFM.
- SAO audits the accounting data and the state's CAFR.
 - If you (or your auditor) find a material adjustment or error after Phase 2 close, contact us immediately!

Just say “No”



Can I?

No!

I really need to...

No!

But...

No!

Implementing GAAP

- New in FY15 – “All About that Pension”
 - GASB Stmt. 68 Financial reporting for Pension plans, amending GASB 27
 - GASB Stmt. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB 68



SAAM Update June 1

- Added and revised GLs, subobjects, and revenue source code to implement new Pension standard
- Deleted GL 9122 Nonspendable Petty Cash
 - JV Nonspendable balance back to appropriate Fund Balance
- Emphasis on review and adjusting fund balances (90.20.62)
 - Closing GLs listed in Section 75.30

Administering Agency Responsibilities



- Administering agencies provide general oversight of financial accounting records at the Account level
- Monitoring cash
- Investigate unusual activity and/or GL balances
- Alert OFM Budget and SWA about fund balance or cash issues

To Do's & Reminders

To Do's & Reminders

- Watch your spending - no overspent appropriations
- Record revenues and expenditures in correct fiscal year
- Interagency billings
 - Mailed out by July 23rd
 - Estimates
 - Communicate, communicate, communicate

To Do's & Reminders

- Due to/Due from's
 - Most last year balances should be liquidated by now
 - Priority should be given to interagency receivables and payables – **DEADLINE Phase 1B 8/21/15**
- Liquidate over-accrued payables
 - Before Phase 2 close – adjust accrual
 - After Phase 2 close – immaterial prior period adjustment
 - If under-accrued payable – belated claim

To Do's & Reminders

- General ledger (GL) reconciliations should be up-to-date
- Analytical review
- Adhere to the OST cash cutoff memo
- Receipt goods and services by 6/30
- Complete physical inventories
- Pollution remediation site status report **DEADLINE Phase 1B 8/21/15**

To Do's & Reminders

- Run ER exception reports and clear all variances, such as:
 - Transfers
 - Assets with credit balances
 - Liabilities with debit balances
 - GLs with unchanged balances
 - Interfund/Interagency balances
- Record compensated absences

To Do's & Reminders

- Capital assets – Use the correct trans code
 - Record depreciation/accumulated depreciation
 - Reconcile capital asset GLs to CAMS or agency capital asset system
 - Review GL 2510 Construction in progress, reclassify to appropriate capital asset GL
 - Use capitalization thresholds in SAAM 30.20.20
- Transfers – Use the correct trans code

Unearned and unavailable revenues

- Unearned revenue GL Codes 5190/5290
 - Liability
 - Cash has been received, but the revenue has not yet been earned
 - Governmental & Proprietary fund type accounts
- Unavailable revenue GL Codes 5192/5292
 - Deferred inflow of resources
 - Applies to a future period so revenue will not be recognized until that time.
 - Governmental fund type accounts only

To Do's & Reminders

- All agency entries should be completed by September 4th!
- Disclosure forms complete by September 4th!



Disclosure Forms

State Disclosure Forms

SAAM Section 90.40

- 21 state disclosure forms
- Not every form will apply to your agency
- Some of the forms are questionnaires
- Some of the forms prefill with AFRS
beg/ending GL balances and require you to
fill in the actual increase and decrease
activity for the FY.

Phase 1B - Certain disclosure forms due 8/21/15 (90.40.10)

- Early disclosure for:
 - 4 Cash & Investment forms
 - 3 Bond forms
 - 2 COP forms
- Request an extension in writing from SWA if the early date can't be met

State Disclosure Forms

- 2 forms are **required** to be completed by all agencies
 - State Financial Disclosure Certification
 - Miscellaneous
- Certain forms are specific only to certain agencies: OST and Higher Ed

DF - New for FY15

- Cash & Investments Restricted
 - AFRS amount prefilled for GLs 1140 & 1240 Restricted Cash & Investments and GL 1150 Cash with Fiscal Agent
 - Agencies need to provide a description
- Report unspent bond proceeds and any other externally restricted cash and investments

DF - New for FY15

- Certificates of Participation – Agencies (Subsection 90.40.45)
- Report COP activity by Phase 1B
 - GLs 5173/5273.
 - Increases in Account 999 equal revenue source codes 0807 and 0854 COP Proceeds

DF - New for FY15

- Receivables (Subsection 90.40.30)
 - Taxes receivables and allowances
 - Report amounts and description over \$5 million by account for GLs:
 - 1318 Unbilled Receivables
 - 1319 Other Receivables
 - 1619 Other Receivables (Long-term)

DF - New for FY15

- Miscellaneous disclosure
 - Added question about nonexchange financial guarantees

State Financial Disclosure Certification form

- Read all 26 items listed
- Signed by Agency Director & CFO
- Include attachments, if applicable
- Email scanned signed copy with required attachments - **due 9/16/15**
 - Re-sign & re-submit if material changes are made after the original submission

Financial Disclosure Certification

SAAM 90.40.95

New and revised certifications:

- No. 5 – Auditor and law violations;
- No. 6 – Relevant communications;
- No. 14 – Capital assets;
- No. 16 – Pollution remediation obligations;
- No. 17 – Service organizations;
- No. 19 – Significant assumptions; and
- No. 21 – Carrying balance of classification of assets, liabilities or net position.

Financial Disclosure Certification

SAAM 90.40.95

Attachments may include:

- Disclosure of outstanding litigation such as a letter from the Attorney General's Office
- Narrative disclosing deficiencies in internal control
- Pollution remediation site status report
- Narrative related to a Service Organization Control (SOC) report
- Certification related to the use of a specialist
- Narrative disclosing changes to methods of measurement, assumptions, or interpretations related to federal expenditures
- Narrative related to certification exceptions detailing variances and proposed or completed corrective action

Service Organizations & SOC reports

If your agency uses a service organization and

- 1) The dollar value of the transactions processed by the service organization is **material** to the CAFR, or
- 2) A SOC report is required by federal regulation

Then obtain a SOC report and attach a narrative to the state certification detailing:

Period covered, Nature of service provided, Summary of the report (don't send the report), any follow-up actions taken to address weaknesses noted in the SOC report.

For questions about materiality contact your SWA accounting consultant.

Common disclosure form problems

- User can't get into the application
- Changes are made in AFRS, but the related disclosure form isn't updated
- Variances aren't explained
- Certification forms aren't submitted timely

Training & Resources

Year-end training classes

Update classes

- State Fiscal Year-end Closing
- Federal Fiscal Year-end Closing

Workshops

- Expenditures & Payables
- Revenues, Reconciliation, & Phase 2 Adjustments
- State Disclosure Forms

Resources

SAAM

- <http://www.ofm.wa.gov/policy/default.asp>

Year-End Resources

- <http://www.ofm.wa.gov/resources/yearend.asp>

Enterprise Reporting

- <http://reporting.ofm.wa.gov/businessobjects/enterprise10/eportfolio/en/logonform.csp>

Questions?

